

EXPORT WITH CONFIDENCE

Tools and Opportunities
for the Seafood Industry

A GROWING INDUSTRY

Dietary guidelines suggest that including fish and shellfish in one's diet can promote a longer and healthier life. U.S.-based fisheries are taking this philosophy worldwide, exporting their products to feed families around the globe. In return, buyers are biting—global consumption of seafood increased to roughly 45 pounds annually per capita in 2019.

The U.S. fishing and seafood sector has generated more than \$200 billion in annual sales and supported 1.7 million jobs in recent years, according to NOAA Fisheries. Top markets for fresh fish, a popular product, include:

<i>Importers of Fresh Fish</i>	<i>Total Sales</i>
Canada	\$529 million
Japan	\$494 million
China	\$430 million
South Korea	\$403 million
Netherlands	\$272 million
Germany	\$122 million
France	\$100 million
Thailand	\$80 million
Spain	\$65 million
Ukraine	\$62 million

Despite these opportunities, businesses are often faced with the same exporting challenges: offering open account credit terms to international buyers and making sure they get paid on the foreign receivables generated from these transactions.

With the help of Export Credit Insurance for small businesses, many seafood exporters have the support they need to compete globally.

2020 U.S. Seafood Products at a Glance:



\$2.9B

total fresh fish
export sales



\$377M

total crustaceans and
mollusks export sales



\$21M

total dried and smoked
fish export sales

<https://www.census.gov/econ/overview/mt0200.html>

<https://www.statista.com/statistics/820953/per-capita-consumption-of-seafood-worldwide/>

<https://www.fisheries.noaa.gov/feature-story/us-fishing-and-seafood-industries-saw-broad-declines-last-summer-due-covid-19>



WHAT'S STOPPING YOU FROM EXPORTING?

Imagine this: your U.S. business has identified an international buyer for its product, you have agreed on pricing, and your buyer wants open account credit terms. How will your company manage the risk of nonpayment by your foreign buyer? Insuring your foreign receivables through EXIM's Export Credit Insurance is a great place to start.

Export Credit Insurance is an insurance policy that covers foreign receivables.

Export Credit Insurance mitigates your nonpayment risk while empowering you to meet, or beat, your competitors by offering attractive credit terms. Your business can use open account credit terms to win new customers and increase sales to existing buyers.

Another benefit to insuring foreign receivables is that lenders will often accept them as collateral, expanding your borrowing base and improving cash flow.

Export Credit Insurance:

- ✓ Increases your ability to compete in international markets
- ✓ Protects your foreign receivables from nonpayment
- ✓ Expands your borrowing base for improved liquidity

"Lund's business was expanding and we were concerned about the issues of going global, so we were able to partner with EXIM to get that confidence level and that comfortable feel that we could continue to grow and extend terms."

Matt Viall, CFO of Lund's Fisheries Inc.

BENEFITS INCLUDE:

Increased Sales

Every business wants to be more competitive. Providing open account credit terms is very appealing to foreign buyers and can be the difference between winning and losing a deal. When given more time to pay, existing customers have the financial flexibility to increase the size of their orders. Even the delivery speed of goods can be positively affected by open account credit terms since the delay associated with a letter of credit or cash in advance is avoided.

Risk Prevention

The challenge for exporters, particularly small businesses, is clear. Selling to international buyers on open account credit terms can be risky. If the buyers don't pay, there is very little recourse for the U.S.-based company and the financial hit can be significant. Export credit insurance mitigates the risk of nonpayment by insuring foreign receivables.

Cash Management

When your business needs cash to fulfill orders or pay for operations you often look to your local lender. These lenders are more likely to include foreign receivables and inventory in your borrowing base when those receivables are insured, giving you access to additional financing and improving cash flow.

What does Export Credit Insurance Cover?

Commercial Risks:

- ✓ Insolvency
- ✓ Bankruptcy
- ✓ Protracted Default

Political Risks:

- ✓ War, Revolution, Insurrection
- ✓ Currency Transfer Risk
- ✓ Cancellation of an Import or Export License



HOW DOES EXPORT CREDIT INSURANCE WORK?

Step 1:

You identify an international buyer and obtain an Export Credit Insurance policy.



Step 2:

You offer credit terms to your foreign buyer.



Step 4:

You ship your product and invoice the buyer.



Step 6:

The buyer pays. If they fail to do so, EXIM pays.

Step 5:

You report shipments & pay premiums on the amount shipped.

WHAT POLICY OPTIONS ARE OFFERED?

Single-Buyer Insurance

Covers one buyer for a predetermined period of time and credit limit amount.

Features Include:

- ✓ 90% coverage
- ✓ No deductible
- ✓ Individual pricing for each country
- ✓ Policies can cover multiple sales to a single buyer

TIP: Exporters can have several Single-Buyer Insurance policies with varying customers, at the same time.

This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.

Multi-Buyer Insurance

Options to cover all or part of your export portfolio.

Features Include:

- ✓ 95% coverage
- ✓ Pay-as-you-go premiums



WHAT'S NEXT?

EXIM is here to support you on your exporting journey. We offer a wide range of financing tools for your company's unique needs, as well as free consultations, educational material, exporter resources, and more. You can:



Talk to an Expert

EXIM specialists are ready and waiting in your area to give you a free consultation:

grow.exim.gov/consultationrequest



Get Helpful Advice

Do you have questions about account terms and financing for exporters? Our experts are here to help:

grow.exim.gov/export-financing-faqs



Learn Exporting Basics

Our free eBook, The Basic Guide to Exporting, will teach you everything you need to get started:

grow.exim.gov/export-guide



Unlock Your Business's Cash Flow

Learn how EXIM works with your lender so you can compete internationally:

grow.exim.gov/wclg-guide

